

**STATE OF MISSISSIPPI  
DEPARTMENT OF FINANCE AND ADMINISTRATION**

|             |                             |                                |
|-------------|-----------------------------|--------------------------------|
| TOPIC       | ACCOUNTING PRINCIPLES       | SUB-SECTION 02.20.00           |
| SECTION     | BUDGET YEAR and FISCAL YEAR | ISSUANCE DATE<br>JUNE 30, 1999 |
| SUB-SECTION |                             | REVISED - 2018                 |

**RELATIONSHIP BETWEEN BUDGET YEAR and FISCAL YEAR**

MAGIC is a complete general ledger system on a GAAP or accrual basis that keeps track of transactions on an accounting period (GAAP) basis and on a cash (budget) basis. Each transaction recorded through MAGIC has an accounting (GAAP) period and a Budget Year (BY) associated with it.

The Fiscal Year (FY) represents the period from July 1 through June 30. The Budget Year (BY) represents the period from July 1 through June 30 and includes the lapse period of July and August. Daily receipt and expenditure transactions from July 1 through June 30 are recorded in accounting periods 1 through 12 of the current FY. Transactions during lapse periods (July and August) can be recorded in either the previous BY or the new BY, but are always recorded in the new FY.

Each FY has a thirteenth accounting period that is reserved for year-end GAAP adjustments. Once the CAFR is published, the thirteenth accounting period and the FY are closed. At that point, the previous FY balances will be combined into the new FY.

The statute allows the recording of previous BY POs by BFC through the first five working days of July and the adjustment of previous BY POs during the lapse period. The State Fiscal Officer issues regulations regarding the last filing date required for electronically submitted purchase orders. These transactions are recorded in the first and/or second accounting periods of the new FY and the previous BY.

Since MAGIC has one general ledger which combines fiscal (GAAP) data and budget data, reports are used to extract the desired information for either FY reporting or BY reporting.